



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### Funding Highlights:

- The Department of Housing and Urban Development (HUD) supports safe, decent, and affordable housing for Americans and provides access to homeownership opportunities.
- The Budget reflects the President's commitment to reforming programs to encourage work and self-sufficiency, and provides targeted but fiscally responsible investments that assist vulnerable low-income households.
- The Budget eliminates wasteful programs that have failed to demonstrate effectiveness, such as the Community Development Block Grant (CDBG) and HOME Investment Partnerships Programs (HOME), recognizing that State and local governments are better equipped to respond to local conditions. These eliminations would save taxpayers \$4.8 billion in 2021.
- The 2021 Budget requests \$47.9 billion in gross discretionary funding for HUD, an \$8.6 billion or 15.2-percent decrease from the 2020 enacted level.
- Despite the overall reduction, the Budget maintains rental assistance for all 4.6 million low-income families currently served by HUD.

### The President's 2021 Budget:

HUD supports affordable housing for low-income families and provides access to homeownership for traditionally underserved homebuyers. Affordable housing provides families with critical stability that bolsters the economy, strengthens communities, and improves the quality of life for the American people. HUD's Federal Housing Administration (FHA) plays a critical role in helping creditworthy, first-time homebuyers achieve sustainable homeownership. To further these goals, the Budget eliminates programs that have failed to demonstrate effectiveness and strategically invests \$47.9 billion to support HUD's core functions, ensuring HUD programs remain a vital resource to the most vulnerable low-income families and first-time homeowners.

The Budget provides \$41.3 billion for HUD's rental assistance programs to maintain services to all currently assisted low-income families, while re-proposing reforms in the Administration's Making Affordable Housing Work Act of 2018 and uniform work requirements for work-able households. These legislative reforms would empower families to achieve self-sufficiency and reduce program costs, placing these programs on a more fiscally sustainable path. In addition, the Budget

makes a number of targeted investments for low-income families, such as increasing housing options for the elderly and persons with disabilities, removing lead from housing, and protecting against carbon monoxide poisoning. The Budget also provides sufficient funding for homeless assistance grants, as the Administration continues to strengthen efforts to reduce the number of homeless persons living on the streets. To support assisted households to live independently and enhance their quality of life, the Budget also expands key programs that promote self-sufficiency and increase earnings. Further, the Budget prioritizes accountability and efficiency by supporting HUD's multiyear Financial Transformation and information technology modernization efforts.

**Eliminates Major Block Grants.** The Administration continues to propose eliminating programs that lack measurable outcomes or are ineffective. The Budget eliminates CDBG, a program that has expended more than \$150 billion since its inception in 1974, but has not demonstrated sufficient impact. Studies have shown that the allocation formula, which has not been updated since 1978, is ineffective at targeting funds to the areas of greatest need, and many aspects of the program have become outdated.

The Budget also eliminates HOME, which has not been authorized since 1994. State and local governments are better positioned to more comprehensively address the unique market challenges and local policies that lead to affordable housing problems. To support State and local efforts, the White House Council on Eliminating Regulatory Barriers to Affordable Housing is working to identify and support successful practices for removing burdensome rules and regulations that raise the cost of housing development.

**Reforms Rental Assistance.** The Budget continues providing rental assistance to 4.6 million low-income families. To constrain cost growth, the Budget repropose rent reforms that would require work-able individuals to shoulder more of their housing costs while providing an incentive to increase their earnings. However, the Budget would mitigate the impact of the proposed reforms on the elderly and persons with disabilities. The proposal would also reduce administrative burden and provide communities with flexibility to adopt alternative rent structures aligned with local needs. The Budget also continues to incorporate uniform work requirements for work-able individuals.

**Enhances the Moving to Work Demonstration.** The Budget reduces administrative burden and increases transparency for Public Housing Authorities (PHAs) participating in the Moving to Work Demonstration, which provides PHAs with flexibility in designing and testing policies to better serve their residents and communities. As HUD expands the demonstration to additional PHAs, the proposal would facilitate local PHA efforts to better focus on the demonstration's goals of increasing cost-effectiveness, encouraging resident self-sufficiency, and increasing housing choice.

**Expands Housing Options for Low-Income Elderly and Persons with Disabilities.** The Budget requests \$180 million to construct approximately 1,200 new units of housing for the elderly and housing for persons with disabilities. By providing rental assistance and supportive services in settings that prioritize universal design and accessibility, HUD can help residents delay or prevent the need for more institutional settings.

**Supports Communities in their Efforts to Reduce Homelessness.** The Budget provides \$2.8 billion for the Homeless Assistance Grant (HAG) programs to continue supporting approximately 1.1 million individuals who experience homelessness each year. HAG primarily funds the Continuum of Care program, which provides competitive funding to support coordinated and locally driven community-based networks of programs to prevent and address homelessness across the Nation. Within this total, the Budget requests \$280 million for Emergency Solutions Grants to support emergency shelter, rapid re-housing, and homelessness prevention. The Administration will

also begin a new initiative to reduce unsheltered homelessness. Funding would support comprehensive and coordinated interventions to reduce street homelessness, and would be targeted to select cities that have experienced the largest increases in unsheltered homelessness in recent years.

**Promotes Economic Mobility and Improves Quality of Life.** Connecting HUD-assisted households to supportive services and employment opportunities helps families reduce their reliance on public assistance and boost their economic productivity. The Budget requests \$190 million for self-sufficiency programs, including the Jobs-Plus Initiative. A rigorous evaluation has shown that the Jobs-Plus Initiative produces lasting increases in tenant wages, where residents earned an average of \$1,141 more per year than they would have earned without the program. The Budget also includes legislative proposals that would expand eligibility of self-sufficiency programs across HUD rental assistance programs to broaden assistance to households.

**Leverages Capital for Housing Improvements.** The Budget requests additional resources and statutory authorities to convert more Public Housing units to the Housing Vouchers and Project-Based Rental Assistance (PBRA) funding platforms to help preserve the affordable housing stock. The Budget requests \$100 million for the Rental Assistance Demonstration (RAD) program to leverage public and private financing to redevelop approximately 30,000 units of Public Housing for low-income families. Recognizing that Federal, State, and local governments share the responsibility to provide affordable housing, the Budget does not request funding for the Public Housing Capital Fund and eliminates the Choice Neighborhoods grant program, but provides sufficient funding for Public Housing operations and maintenance. These eliminations would save \$3 billion in 2021.

*"RAD provides us the solution to preserve this critically needed housing so it remains permanently affordable for future generations."*

Ben Carson  
Secretary  
October 22, 2019

**Reduces Lead and Carbon Monoxide Exposure for Low-Income Children.** Lead-based paint in housing presents one of the largest threats to the health, safety, and dreams of America's next generation, with more than 23 million homes having significant lead-based paint hazards. HUD also estimates that 1.5 million HUD-assisted households need carbon monoxide detectors installed in their homes. The Budget requests \$425 million to promote healthy homes free of lead, carbon monoxide, and other hazards. Research has shown that lead-based paint hazard control is an efficient and effective form of reducing and preventing exposure, generating high returns on investments due to increased lifetime earnings and reduced medical costs. This funding level also includes resources for enforcement, education, and research activities to further support this goal.

**Supports Sustainable Homeownership Opportunities and Protects Taxpayers.** The Budget preserves access to sustainable homeownership opportunities for creditworthy borrowers through FHA and Ginnie Mae credit guarantees. FHA provides a crucial source of mortgage financing for first-time homebuyers, who accounted for more than 80-percent of FHA-insured home purchase loans in 2019. Consistent with HUD's *Housing Finance Reform Plan*, the Budget requests \$20 million to continue modernizing FHA's outdated single-family information technology systems and includes legislative proposals that would strengthen the viability of reverse mortgages, improve FHA's lender enforcement program, and protect taxpayers.

**Strengthens HUD's Financial Management.** The Budget includes \$15 million for the Department's Financial Transformation initiative, a multiyear effort to continue strengthening HUD's financial reporting, accounting operations, and internal controls. This initiative has demonstrated

*"We are committed to improving the lives of all families, especially children, by creating safer and healthier homes. One of HUD's priorities is protecting families from lead-based paint and other health hazards."*

Ben Carson  
Secretary  
September 30, 2019

results by resolving recurring audit issues, aligning accounting policies with Federal standards, and automating manual processes.

**Seeks to Reform Federal Disaster Recovery Assistance.** The Administration seeks to work with the Congress to comprehensively reform and redesign how the Federal Government supports States, local communities, and disaster survivors after large-scale catastrophic disasters. The current status quo—a convoluted web of programs across 17 departments and agencies—is broken, fiscally unsustainable, and does not result in expedient long-term recovery for communities. A notable example is the HUD CDBG Disaster Recovery program,

which continues to be slow, unpredictable, and wasteful. Americans deserve a better system that helps communities recover faster, is less confusing, improves outcomes, and protects taxpayer dollars.